

Message Text

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ACTION SS-25

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S E C R E T SECTION 01 OF 03 PARIS 04591

EXDIS

E.O.11652: GDS
TAGS: TECH, ENRG, FR, US
SUBJECT: US-FRENCH DISCUSSIONS ON NUCLEAR NONPROLIFE-
RATION: BACKGROUND OBSERVATIONS

REF: (A) PARIS 2394; (B) PARIS 2315

1. SUMMARY. AS ONE OF THE FOLLOW-ON CABLES TO REF B, THIS CABLE PRESENTS OUR OBSERVATIONS ON SEVERAL ASPECTS OF FRENCH NUCLEAR ACTIVITIES, MANY PARTICULARLY RELEVANT TO US-FRENCH DISCUSSIONS SCHEDULED FOR FEBRUARY 18 AND 19 AT WASHINGTON. TWO BASIC POINTS ARE BRIEFLY DISCUSSED: FRANCE IS COMMITTED TO NUCLEAR ELECTRICAL POWER AND NEEDS TO EXPORT AND; BREEDER REACTORS ARE CONSIDERED ESSENTIAL AND THEIR EXPORT WILL BE STRONGLY PURSUED. OBSERVATIONS ON THE FRENCH-PAKISTAN REPROCESSING PLANT AND THE FRG-BRAZIL ARRANGEMENTS ARE OFFERED AS SIDELIGHTS ON THESE CONTINUING ISSUES. THE FRENCH POSITION ON URANIUM ENRICHMENT, WE BELIEVE, OFFERS AN OPPORTUNITY FOR CLOSER BILATERAL TIES. OTHER FACETS OF OUR NUCLEAR RELATIONS ARE BRIEFLY MENTIONED TO ROUND OUT THE PICTURE. END SUMMARY.

2. FRANCE IS WELL COMMITTED TO NUCLEAR POWER. REFTEL A OUTLINES THE CURRENT STATUS OF FRENCH NUCLEAR MATTERS

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COVERING GOVERNMENT STRUCTURE, INDUSTRIAL ACTIVITY AND NUCLEAR ELECTRIC POWER PLANS. WITH MINIMAL DOMESTIC FOSSIL FUEL RESOURCES AND A REASONABLE URANIUM RESERVE, FUTURE ENERGY SOURCES FOR FRANCE LIE IN NUCLEAR POWER; THE LIMITED KNOWN URANIUM SUPPLIES REQUIRE COMMERCIAL BREEDER REACTORS WITHIN THE NEXT 10-20 YEARS. GISCARD APPEARS TO PRESS FOR A STRONG FINANCIAL BASIS FOR THE

FRENCH COMMERCIAL NUCLEAR PROGRAM AND AT THE SAME TIME REASONABLE EXERCISE BY FRANCE OF ITS INTERNATIONAL RESPONSIBILITIES. IN SUM, MINIMUM OBJECTIVES FOR FRANCE ARE: TO EXPORT THREE TO FIVE LIGHT WATER NUCLEAR REACTORS PER YEAR TO HELP THAT INDUSTRY OPERATE AT A BREAK-EVEN LEVEL; TO PROVIDE FULL FUEL CYCLE SERVICES TO SUPPORT HER OWN NEEDS AND THOSE OF HER REACTORS CUSTOMERS; TO ADVANCE HER BREEDER REACTOR TECHNOLOGY AND EVENTUALLY SECURE FOREIGN SALES OF BREEDER REACTORS TO KEEP THAT INDUSTRY FINANCIALLY SOUND; TO ABIDE BY THE INTERNATIONALLY ACCEPTABLE SAFEGUARDS PROVISIONS FOR LIMITING NUCLEAR WEAPONS PROLIFERATION; AND TO DEMONSTRATE TO POTENTIAL PURCHASERS THAT SHE IS A RELIABLE (RPT RELIABLE) SUPPLIER WITH MODERN, COMPETENT TECHNOLOGY.

3. PAKISTAN REPROCESSING PLANT. ONE CURRENT BIND IS THE SALE TO PAKISTAN OF A NUCLEAR REPROCESSING PLANT. WHILE HOLDING UP THE SANCTITY OF THE SIGNATURE ON A CONTRACT OF MAY, 1976, THE FRENCH PRESIDENT SET FORTH THE POLICY IN DECEMBER, 1976, THAT NO NEW CONTRACTS FOR REPROCESSING PLANTS WOULD BE SIGNED EXCEPT WHEN TECHNICALLY AND ECONOMICALLY JUSTIFIED (NOTE: PER SE THIS IS NOT A MORATORIUM). HOWEVER, IT IS UNDERSTOOD THAT IF THE FRG-BRAZIL ARRANGEMENT GOES UNDER, FRANCE WILL PUT AN END TO THE SALE TO PAKISTAN. IT IS ASSUMED THAT SIGNIFICANTLY CHANGING THE FRG-BRAZIL DEAL WOULD OPEN THE BRAZIL MARKET FOR REBIDDING ON LIGHT WATER REACTORS AND FRANCE WOULD DEARLY LOVE ANOTHER
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OPPORTUNITY TO BID ON SOME OF THE EIGHT PLANTS CURRENTLY PLANNED. GERMANY DOESN'T WANT TO REOPEN THAT POSSIBILITY; AND BOTH GERMANY AND FRANCE ARE ANXIOUS THAT US FIRMS NOT BE IN THE BIDDING, PARTICULARLY

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LARLY AS THE REDUCTION IN US NUCLEAR PLANT BUSINESS SHOULD MAKE US FIRMS MOST COMPETITIVE. THIS LEADS TO THE SPECULATION THAT IF US FIRMS WERE BARRED FOR A FIXED PERIOD FROM THE PAKISTAN-BRAZIL MARKET, FRANCE AND GERMANY MIGHT AGREE TO ALTER THEIR EXISTING CONTROVERSIAL CONTRACTS IN RETURN FOR THE TWO COUNTRIES SHARING THE CURRENT NUCLEAR REACTOR MARKETS IN PAKISTAN AND BRAZIL.

4. FRENCH-GERMAN RELATIONS ON REPROCESSING PLANT TECHNOLOGY ARE WORTH A BRIEF MENTION.

A. THE FRENCH FIRM SAINT GOBAIN BUILT FOR EUROCHEMIC A REPROCESSING PLANT IN BELGIUM; THIS PLANT IS NOW NOT IN OPERATION AND HAS BEEN RECENTLY CLAIMED BY THE BELGIAN GOVERNMENT. AS A MEMBER OF EUROCHEMIC, GERMANY GOT ACCESS TO THE REPROCESSING TECHNOLOGY BUT ONLY FOR USE IN PILOT PLANT OR SMALLER APPLICATIONS. FRANCE IS OF THE VIEW THAT THIS TECHNOLOGY WITH THE PILOT PLANT LIMITATION IS WHAT WILL BE EMPLOYED BY THE FRG IN BRAZIL.

B. UNITED REPROCESSERS (UK, FRANCE AND GERMANY) SELLS REPROCESSING SERVICES AND THROUGH THIS ARRANGEMENT GERMANY MAY REQUEST AND RECEIVE REPROCESSING SERVICES FROM THE FRENCH LA HAGUE PLANT (OR FROM THE UK) IN THE NEAR TERM AND LATER BUILD ITS OWN PLANT (AT AN ALREADY SECRET

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SELECTED SITE IN NORTHERN GERMANY) USING THE SAINT GOBAIN TECHNOLOGY PLUS ANY ADVANCES DEVELOPED DURING THE SEVERAL YEARS OF LA HAGUE OPERATION. A SIZEABLE FLAP OCCURRED RECENTLY WHEN, AFTER THE DECEMBER, 1976, FRENCH STATEMENT THAT NO NEW REPROCESSING PLANTS WOULD BE EXPORTED, SAINT GOBAIN NOTIFIED THE FRG THAT IT COULD NOT ASSIST IN THE CONSTRUCTION OF THE GERMAN REPROCESSING PLANT. AT AN FRG-FRENCH NUCLEAR MEETING IN PARIS, JANUARY 20, 1977, THE GERMAN TEAM BLEW ITS TOP AT CEA ADMINISTRATOR GIRAUD. AFTER SOME BRIEF, FAST CONSULTATIONS, THE FRENCH ASSURED THE GERMANS THAT THE ARRANGEMENTS UNDER THE UNITED REPROCESSERS ARRANGEMENT

COULD GO THROUGH. SAINT GOBAIN'S NOTICE HAD BEEN NULLIFIED AND THE GERMANS WENT HOME WITH THAT PROBLEM COOLED.

5. URANIUM ENRICHMENT. LOOKING CLOSELY AT THE FRENCH COVERAGE OF THE FULL SPECTRUM OF NUCLEAR FUEL CYCLE SERVICES, THE URANIUM ENRICHMENT FACTOR APPEARS TO BE ONE OF THE MORE VULNERABLE PARTS. EURODIF I, 10.7 MILLION SWUS DUE TO BEGIN PRODUCTION IN 1979 AND BE IN FULL OPERATION BY 1982, IS A MAJOR FINANCIAL GAMBLE FOR FRANCE. FRANCE HAS OWNERSHIP CONTROL BUT WITH 43 PERCENT OF THE PROCEEDS AND FULL RESPONSIBILITY FOR THE TECHNOLOGY. THE PLANT TECHNOLOGY IS GASEOUS DIFFUSION AND BASED ON THE PIERRELATTE PLANT AT TRICASTIN. IT IS EXPECTED TO OPERATE AND PRODUCE ENRICHED URANIUM BUT THE COST FACTOR IS STILL A FRENCH ESTIMATE (GUESS).

6. SEVERAL FACTORS INDICATE DEEP FRENCH CONCERN FOR THE ECONOMIC VITALITY OF EURODIF I: GIRAUD WOULD LIKE (READ - GIVE HIS RIGHT ARM) TO TEST A FRENCH SEPARATION UNIT (ONE CASCADE) AGAINST THAT USED IN AN EXISTING US PLANT TO DETERMINE RELATIVE PERFORMANCE; GIRAUD HAS BEEN MENTIONED RECENTLY AS A POSSIBLE CANDIDATE FOR OTHER GOVERNMENT/INDUSTRY POSITIONS AND EACH HAS BEEN SECRET

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DROPPED - HE HAS SAID HE NEEDS TO STAY IN THE JOB FOR TWO TO THREE MORE YEARS (I.E., UNTIL AFTER EURODIF I STARTS OPERATING); THE CURRENT DEPUTY ADMINISTRATOR PERSONALLY SELECTED BY GIRAUD A FEW YEARS AGO AND HEIR-APPARENT TO GIRAUD'S JOB, MICHEL PECQUEUR, BEGAN WITH CEA AS A MEMBER OF THE TEAM THAT BUILT PIERRELATTE AND HAS BEEN VERY CLOSE THROUGHOUT HIS CAREER TO THE FRENCH ENRICHMENT PROGRAM.

7. RECENTLY, THE FRENCH MOVED TO FILL AN APPARENT VACUUM IN FUTURE WORLD ENRICHMENT CAPACITY WITH THE START OF EURODIF II. THIS ACTION CAME A FEW DAYS AFTER THE US CONGRESS REFUSED TO GIVE THE GREEN LIGHT TO US PRIVATE INDUSTRY UNDERTAKING A MAJOR PART OF FUTURE US ENRICHMENT EXPANSION. FRANCE HAS ITS NECK WELL OUT ON ENRICHMENT AND WOULD WELCOME ANY SUPPORT IT COULD GET. IT IS IN THIS CONTEXT THAT GIRAUD HAS PROBED THE US ON COORDINATING ENRICHMENT CAPACITY PROGRAMS, SHARING ENRICHMENT CAPACITY, AND CROSS-INVESTING IN ENRICHMENT CAPACITY.

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8. US-FRENCH COOPERATION IN NUCLEAR ENERGY. THE US SUPPLIES ENRICHED URANIUM TO FRANCE FOR A FEW OF ITS OPERATING NUCLEAR ELECTRIC POWER PLANTS AND HIGHLY ENRICHED URANIUM FOR THREE NUCLEAR TEST REACTORS. FRANCE IS GIVING FULL STUDY TO THE POSSIBILITIES OF REDUCING THE ENRICHMENT LEVEL OF THE MATERIAL NEEDED IN THE TEST REACTORS; HOWEVER, THE ONE AT GRENOBLE SEEMS TO BE CURRENTLY LOCKED IN ON USING THE HIGHLY ENRICHED STOCK.

9. NRC EXPORT PERMIT PROCEDURES SEEM TO TAKE A LONG TIME BUT, SO FAR, EXCEPT FOR A FEW CERTAIN EXCEPTIONS, THE PERMITS HAVE COME THROUGH IN TIME. THESE EXCEPTIONS INVOLVE THE FABRICATION FACILITY NEAR ROMANS FRANCE, OWNED BY CERCA. AN ERDA-NRC TEAM VISITED THE PLANT IN APRIL, 1976, AND FOUND CERTAIN PHYSICAL SECURITY MEASURES LACKING. TO DATE WE BELIEVE THAT THERE HAS BEEN LITTLE IMPROVEMENT. ERDA BELIEVES CEA KNOWS WHAT NEEDS TO BE DONE BUT CEA DOES NOT SEEM TO HAVE THE ABILITY - LEGAL OR OTHERWISE - TO FORCE THE CHANGES. CEA'S POSTURE VIS-A-VIS THE USG IS THAT CEA ASSUMES RESPONSIBILITY FOR THE PHYSICAL SECURITY OF THE MATERIAL AND ANY MOVE BY ERDA TO INSPECT IS UNWARRANTED AND AN ENCROACHMENT ON FRENCH SOVEREIGNTY. PERHAPS WITH TIME AND LACKING THE FUEL THE CEA WILL

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FIND SOME WAY TO OVERCOME THE CURRENT IMPASS.

10. US-FRENCH COOPERATION IN RESEARCH AND DEVELOPMENT CONTINUES AT A MEASURABLE PACE. INFORMATION EXCHANGE, PARTICULARLY IN SAFETY RESEARCH, IS ESTABLISHED. AN AGENCY LEVEL AGREEMENT BETWEEN ERDA AND CEA WAS RECENTLY SIGNED COVERING COOPERATION IN SAFETY RESEARCH AND REACTOR PHYSICS ON BREEDER REACTORS. THIS AGREEMENT HAD INITIALLY BEEN DRAFTED BY THE US TO COVER THE FULL RANGE OF TECHNICAL ASPECTS OF BREEDER REACTORS BUT FRANCE WOULD NOT ENTER INTO SUCH A BROAD PROGRAM UNTIL SOME ARRANGEMENT WAS ESTABLISHED WHICH WOULD PERMIT REVENUES TO FLOW TO FRANCE FROM ANY FUTURE USE OF FRENCH BREEDER TECHNOLOGY IN THE US OR BY A US FIRM. WORK IS CURRENTLY UNDERWAY TO BRING INTO CLOSER HARMONY SIZEABLE PROGRAMS IN THE US, FRANCE AND THE FRG ON BREEDER REACTOR SAFETY.

11. LONDON SUPPLIERS MEETINGS. FRANCE APPEARS REASONABLY COMFORTABLE WITH HER PARTICIPATION TO DATE IN THE LONDON MEETINGS. THE ENLARGED SIZE OF THE GROUP REQUIRES THAT FREQUENT, COMPREHENSIVE BILATERAL SESSIONS BE HELD TO MAINTAIN FULL UNDERSTANDING ON THESE MATTERS BETWEEN THE TWO CAPITALS.

12. THE US EFFORTS ON A DRAFT CONVENTION ON PHYSICAL PROTECTION OF NUCLEAR MATERIALS REPRESENT SOME AREAS OF DISAGREEMENT. FRANCE DOES NOT SHARE OUR VIEWS ON THE ROLE OF THE IAEA IN THIS CONTEXT. IN ADDITION, THE US INITIATIVE CAUGHT FRANCE A BIT BY SURPRISE; ACCORDING TO DE NAZELLE, THE FRENCH MFA WAS CONSIDERING LAUNCHING A SIMILAR EFFORT BY INVITING INTERESTED GOVERNMENTS TO A WORKING MEETING IN PARIS. WE BELIEVE FRANCE REMAINS INTERESTED IN TAKING THE LEAD ON THIS MATTER AND THAT A COMBINATION OF HER LEADERSHIP AND AGREEMENT TO US VIEWS ON SOME ASPECTS MIGHT YIELD MORE FOR THE US IN THE LONG TERM.

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13. THE NEXT MEETING OF THE FRENCH INTERMINISTERIAL COMMITTEE ON NUCLEAR EXPORT POLICY IS EXPECTED IN MID-MARCH - AFTER THE US-FRENCH BILATERAL AND BEFORE THE NEXT LONDON SUPPLIERS MEETING. SOME COMMENTS MAY BE FORTHCOMING ON THE TRANSFER OF ENRICHMENT TECHNOLOGY (THE DECEMBER, 1976, STATEMENT MENTIONED ONLY REPROCESSING). NO COMMENTS TO DATE HAVE BEEN MADE ON THE PROPOSED SALE OF A RESEARCH REACTOR TO IRAQ; WE EXPECTED SOME COMMENT LAST DECEMBER BUT APPARENTLY THE FRENCH ARE ASKING THAT FULL STUDY BE MADE OF THE POSSIBILITY OF REDUCING THE ENRICHMENT LEVEL REQUIRED FOR THE FUEL. SOME COMMENTS MAY BE MADE ON FRENCH VIEWS ON THE APPLICATION OF SAFEGUARDS WHICH WOULD MAKE

FIRM THE FRENCH RESPONSE TO THE PROPOSAL OF FULL FUEL
CYCLE SAFEGUARDS.
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